

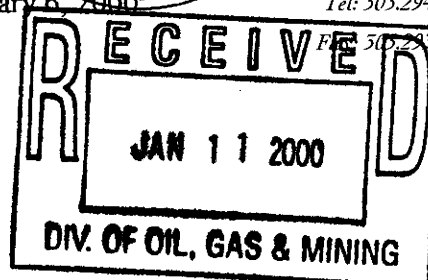


NORTH LILY MINING COMPANY



Suite 210
1800 Glenarm Place
Denver, CO 80202
Tel: 505.294.0427

January 6, 2000



Mr. Don A. Ostler, P.E.
Executive Secretary
State of Utah
Division of Water Quality
288 North 1460 West
Salt Lake City, UT 84114-4870

Re: Violation and Order, Docket No. UGW2003, North Lily Mining Company

Dear Mr. Ostler,

This letter is intended to be fully responsive to the information requests contained in Notice of Violation and Order, Docket No. UGW2003 dated October 19, 1999. This letter transmits the information required by Order Item 1, which states:

"Conduct a ground water contamination investigation and submit a report within 60 days of receipt of this ORDER assessing the impact or potential impact of the wastewater releases to groundwater including the extent and potential dispersion of the contamination. The report must document whether any remedial action will be necessary to maintain ground water quality. If the assessment shows remediation efforts are necessary, the report must include a Corrective Action Plan for undertaking these efforts."

Enclosed is one copy of the report titled "Ground Water Contamination Investigation of North Lily Mining Company's Silver City Heap Leach Facility, Juab County, Utah" prepared by Tom Gast of Environmental Management Services Company and Ed Schneider of ESA Consultants, Inc. Following conversations with Mr. Fredrick on December 22, 1999, Mr. Gast requested an extension to January 10, 2000 to allow proper internal review of the report. A copy of Mr. Gast's request is enclosed.

North Lily Mining Company intends to continue to operate in a responsible manner in accord with applicable regulations, rules, stipulations, and permit conditions. Please feel free to contact Tom Gast of Environmental Management Services Company (970/461-0571), Ed Schneider of ESA Consultants Inc (970/484-3611) or me if additional information can be provided

Sincerely,

W. Gene Webb

Executive Vice-President

Encl: Ground Water Contamination Investigation

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Certification

In accordance with the provisions of Part IV.4 of the permit, all information submitted shall be signed and make the following certification:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."



W. Gene Webb
Executive Vice-President, NLMC